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ABSTRACT

A study examined the reactions of organizational members to ownership change. Participant observation during a 2-week stay in each of two national corporations, American Broadcasting Company (ABC) and Union Underwear, provided data in the study. Results showed different reactions to change illustrated through corporate differences in structure, human relations, the political arena, and corporate symbols. Results indicated that in the first organization (ABC), the stability of the structure created a minimum of chaos, while in the second organization, a complete restructuring of the corporation created paranoia, unpredictability and product changes. Since completion of this research, both organizations have maintained profitability. (Author/PRA)

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COMMUNICATING CHANGE IN ORGANIZATIONAL CHAOS

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COMMUNICATING CHANGE IN ORGANIZATIONAL CHAOS

This paper summarizes reactions of organizational members to ownership change. Participant observation during a two week stay in each of two national corporations, provided data in this study. To organize the volumes of data gleaned by these observations, a typology created by Bolman and Deal (1984) became useful. In the first organization, the stability of the structure created a minimum of chaos, while in the second organization, a complete restructuring of the corporation created paranoia, unpredictability and product changes. Since completion of this research, both organizations have maintained profitability.

Communicating Change in Organizational Chaos

Organizations must constantly change their tasks, goals, and purposes if they are to meet the challenging needs of a competitive society. This involves changes in the patterns of roles and responsibilities, the subsequent needs and skills of its members, the ongoing strategies and tactics for dealing with conflict over scarce resources, and the shifting sand of organizational meaning. But, the change agent always encounters some resistance to change. This happens especially when the changes conflict with critical group norms, or threaten the power roles of members in the organization. Even so, the leader can not avoid change, because organizations who do not thrive on this "mutative" behavior inevitably move toward entropy, a death state. At the same time, if the change agent ignores the needs of organizational members during the change process, he/she will lose the power of his/her leadership role.

In a world of chaotic and turbulent hostile corporate takeovers and even in friendly takeovers, organizational members as well as the public who consume the corporate products go into a "psychological freeze" until they see what will happen under the new management. Two organizations which have undergone ownership changes in recent years include the American Broadcasting Company (ABC Television) in New York and Union Underwear of Bowling Green, Kentucky. Both corporations had formerly been long held, firmly established corporations with

good reputations. These unrelated corporations differ in their culture and communication style. In gathering the data for this article I spent two weeks as a participant observer in both organizations. This paper summarizes my observations during the transition period of the change process. After a brief historical review of each organization, the paper examines change through the structural, human relations, political and symbolic frames of organizational communication (Bolman and Deal, 1984).

Union Underwear

Union Underwear corporate headquarters operates on Fruit of the Loom drive in Bowling Green, Kentucky. Their factories exist in a wide variety of locations in America as well as other countries. Union Underwear functions as a subsidiary of Northwest Industries which manufactures such disparate goods as underwear, chemicals, batteries, and electrical products. Under the direction of John Holland, the respected CEO of Union Underwear, the manufacturing of Fruit of the Loom and BVD underwear became the industry leader and the backbone of Northwest Industries. Union, with Acme Boot Co., maker of Dingo and other boots, contributed $166.3 million, or 84%, of Northwest's $197.6 million in operating earnings during 1986. The recent takeover of Northwest Industries by William F. Farley for $1.4 billion represented one of the largest leveraged buyout transactions for that time.

Farley wanted to make his newly christened company the best

place to work in the world, and he set about to instill his philosophy in the company. Unfortunately, of the 200 Northwest staffers, only 15 of them stayed on to enjoy it all. This paring down of staff did not touch the corporate offices of Union Underwear, however. Toward Union Underwear, there appeared to be a hands off approach to managing what, already in place, showed great success. Farley, with his almost obsessive devotion to fitness and nutrition, began to communicate his philosophy and it began to trickle down to the Union Underwear employees. His management meetings started with an hour of aerobics with managers wearing royal blue Farley Industries athletic garments, with Farley's 68 year old father leading Farley fight songs. Farley insisted that personal attention to employees, from the factory floor on up, would make his acquisition a success. The changes at Union Underwear would have no effect on the consumer of Union Underwear products.

ABC Television

ABC Television operates in New York City at 77 West 66th Street across from Central Park. Its affiliate stations inhabit over 200 television markets across the United States, with a decentralized system of independent ownership. The network programs about 75% of the television shows viewed from local markets. The Federal Communications Commission regulates all of the television industry, monitored by the public at large and all of its special interest groups. The uniqueness of the television industry makes it possible for the citizenry to severely

scrutinize and criticize every faction of the programming available, due to its great and powerful influence on the public. ABC Television, a publicly held stock, emerged as Capital Cities ABC, Inc. as the surviving corporation after a merger which occurred as late as January, 1986.

Former management could be described affectionately as "high rollers," "jet setters," and in the "fast lane." They represented the entertainment industry with all of the expected flamboyance and extravagances one conjures up when thinking of the Hollywood set. The new management team, CapCities, represent a different kind of thinking. These bottom line, CPA types, have spent long business careers outside network television with successful broadcast ownership records. For example, John Sias, new head of the ABC division of Capital Cities, proposed to help reinvent network television. In his attempt to rescue ABC from ratings failures and slumping revenues, Sias began to put into effect policies that promised to drastically alter the network's personality, its' way of doing business and, ultimately, the programs it broadcasts. Not only did the changes at the ABC network offices affect the employees, but they were felt directly by the affiliate stations, and the consumer of network television.

Corporate differences in Structure

Union Underwear

The central activity at Union Underwear involves turning cloth into underwear. Seamstresses perform this chief task

within the patterns of a fixed structure. The chief concerns of the governing structure include quality, efficiency and profit. These concerns require careful attention to producing the best product in the industry, careful training, long term employment, and scrutiny of costs without abuses. The culture of Union Underwear, practiced over time, and ruled into existence by trial and test, has not changed appreciably for over a half century. With the increase of imports in the United States textile industry, Union Underwear recently experienced slow economic growth but has turned the corner to become one of the fastest growing companies in America. The main threat to Union Underwear stability comes from the environment.

While foreign imports affect the textile industry in America, Union Underwear continues to expand their research and development work. Their durable quality maintains improvement, reducing the amount of irregulars. Their overall efficiency and safety records show improvement, and attendance is better than usual. A push by management to increase employee awareness of the problems and threats from foreign competition within the industry, and a request for their cooperation, helped produce the positive improvements at Union Underwear. The "Buy American" theme, which prevailed in America since the trouble in the auto industry, fashioned ready made rhetoric for the textile industry. Even though the habits of the consumer maintain a fairly well fixed pattern over time, the competitive environment of the textile industry dislodges some of their stability.

To move into a top management position at Union Underwear, it appears a young executive would have a long wait. The stable process culture of the company keeps good people around a long time, and rewards longevity. The stable product and readied confrontive rhetoric at threats to the environment, make ownership changes at Union Underwear go almost unnoticed.

ABC Television

The central activity at ABC television involves turning time into programming, which occurs through entertainment and information. Ratings provide some evidence of effectiveness of product, but monitoring success becomes difficult to measure. The producers, directors and actors, all creative types, make not only the product difficult to measure but difficult to predict. Creative people often stereotyped, for good reason, as tempermental often become as unpredictable as the wind. Industry analyst Richard MacDonald said "the planning process at ABC was completely out of control. The difficulty that not only Wall Street but everybody else had with ABC is that it was very hard to determine at the beginning of the year, what was going to happen by the end of the year (Boyer, 1986).

The chief concern of the governing structure at ABC is that programming yield revenues. Revenues increase when audiences increase, therefore programming must speak to the needs of the varied, unpredictable, and often fickle public who frequently flip from channel to channel, during and between programs, with their remote controls, creating an extremely competitive

environment. Often people, such as sports groups and creative Hollywood groups, take advantage of the networks' competition dilemma by creating a situation where costs have skyrocketed. Costs of hour long network series, therefore, have reached $1 million an episode, with mini-series costing much more.

Success of a programming schedule often determines who heads up a department. Therefore, an intangible product, an unpredictable creator of that product, a competitive market place, catering to a fickle audience, determines success. The structure at ABC understandably remains loose. Longevity of network heads compress their fresh ideas into brief stays, new departments created and dissolved for special projects disappear, programming changes quickly, "stars" rise and eclipse, and employees move upward and onward to other things at a remarkable pace.

The ownership of ABC by CapCities, Inc. expects to stabilize some of the unpredictability of the industry. Richard MacDonald (Boyer, 1986), industry analyst, again speaks out about ABC in saying, "One thing about CapCities is that if they're wrong, either way, it's by a very small amount." One of the ways ABC planned to deal with rising costs, and consumer demands, Mr. Sias said, "is to produce more news based programming, such as the ABC News magazine 20/20 and Prime Time." Such programs produced by the network rather than by outside producers, cost a fraction of what entertainment programs cost and if moderately successful, can bring considerable profit. Also, ABC predicted an edgeing

away from Hollywood as its sole source of programming. Mr. Sias said the network would consider importing programming from abroad, much as the Public Broadcasting Service does. Network television faces increasing competition from cable, video cassettes, and independent stations. The changes at ABC television management not only affect the personnel but directly affect the consumer.

Corporate differences in Human Relations

Union Underwear

Security and stability motivate Union Underwear employees. The company hires people who exhibit traditional values, stability and comfort with routine. The bee hive atmosphere in each plant describes individual task accomplishment narrowly and specifically. But, as with bees, worker bees do not become queen bees, nor vice versa, therefore upward mobility, though possible at Union Underwear, rarely occurs. Once a worker becomes skilled at their task, productivity increases and so does pay. One seamstress, who wanted to move to personnel in the corporate office, took a pay cut and experienced discouragement from management. Retraining new employees interrupts the work flow and costs the company.

A predictable, stable working climate with people who express traditional values generates a confident pride at Union Underwear. The tangible materials, like cloth, thread, elastic, sewing machines etc., generate additional stability to the work environment. Since the product remains relatively similar from

year to year, predictability becomes a hallmark. Therefore, employees know what to expect when they come to work and they experience emotional stability.

Even the communities in which the plants operate know about the stability of Union Underwear. George Wise, personnel director at the Campbellsville, Ky., factory, formerly worked as a loan officer at a local bank. He crystalized the stability of the company by explaining that when operating as a loan officer, he remembered loans going through without question to employees of Union Underwear. Working at the factory became a synonym for solid citizenry.

Employees at Union Underwear operate in a task oriented culture. The level of interpersonal interaction occurs as needed for maximum efficiency. A solid benefits program satisfies employees and the incentive pay scale produces little time to socialize. Work arrivals and departures appear quiet and orderly. Only one plant supports a fairly inactive union. Few company parties exist therefore few company spouses know one another. With little social interaction occuring in this task oriented culture, employees did not openly communicate job dissatisfaction.

ABC Television

ABC television attracts employees motivated by power and the excitement which network television affords. One employee told me that she telephoned a school superintendent in Arkansas whose secretary said "I'm sorry he's in a meeting can I tell him who

called?" and she gave her name and indicated her employer was ABC television in New York and the secretary said "Oh, just a minute I'll get him for you," and within a few seconds the superintendent answered the telephone. She believed the quick response came from the immediate identification of her powerful employer. To be employed by ABC television suggests status and excitement, but threats as well. Television stations and airport control towers attract lunatics and terrorists. Because of the public nature of network television, people see themselves as ego involved in its programming. Subsequently, this high powered medium of communication insists on tight security. Three or four guards check ID's when employees enter the building, and no one enters without a clear purpose, an appointment, and approval from the lobby receptionist. Restrooms cannot be enterred without a key because someone once slipped by security, hid in the ladies restroom and attacked an employee (Gretemeyer, 1986). A certain excitement surrounds living on the edge, but not when employees live on the edge of unemployment.

The seduction of the macho entertainment industry contrasts sharply with the style of firings in the face of new management philosophy at ABC. Quick, sudden, frightening firings occurred during the process of change. Those fired reported several days later that they remained in a state of shock, of disbelief. In anticipation of the merger with Capital Cities, ABC eliminated or left unfilled 600 jobs in 1985 (Boyer, 1986). Most employees at the network during the change process held tenative expectations

of losing their jobs.

For example, in late January of 1986, Fred Pierce and Tony Thomopoulos, two top management positions, found themselves "moved out." Additionally, each department looked at inefficiencies on expenditures and intensive personnel cuts ensued. John Sias, president of ABC, said in an interview referring to rumors, which did not materialize, of a February bloodbath. "There was reference to a St. Valentine's Day massacre here. There's still concern, and I think that's understandable (Boyer, 1986)." But, in the elevator someone related a story about someone who had been fired from their department, and another person in the cafeteria line repeated the same story. One affiliate relations officer, fired on Thursday, described it best when he said, "I called the personnel department on Friday to arrange for my exit interview and they were booked all day, I could barely get in." He further described a fellow employee riding upstairs tearing small pieces of paper and dropping them in opposite corners of the elevator. As he dropped them he said, "Today I have a job, today I don't have a job; today I have a job, today I don't have a job." Not knowing the criteria for the firings, made it impossible to determine if continued employment existed. Even David Hartman of "Good Morning America" left the company. Previous to Hartman's renegotiated contract, Wayne Rogers hosted "Good Morning America" and when ratings remained high in Hartman's absence the network executives leverage against him.

In the midst of this employment insecurity, people did not move from floor to floor to conduct business, as normally practiced. Employees reported fewer telephone calls and decreased work productivity which coincided with a reduced ability to concentrate and to plan. "Reuse your paper clips" and "look busy" became code language for the larger unemployment issue. Rumors started in the print shop where advance information began its' circulation, transmitted by the mail persons and the maintenance departments. People remained at their desks appearing busy, feeling watched, speculating about rumors.

My sudden appearance during this period of enormous paranoia increased speculation and rumors. People thought management had planted me in their department to see about inefficiencies. One woman said she thought I must be important because my telephone messages came to me through the Vice President of public relations' secretary. Another person said I must be important because the manager of community relations spent so much time with me. Further speculation querried about my staying at the ABC penthouse suite at the Plaza Hotel when a message came for me from George Newi's office, who ranked high among ABC network executives. They wondered how and why I could walk in with a working knowledge of the business; why I asked so many unusual questions. Why on the Friday when the "ax fell" in the public relations department was I noticeably absent. Understandably, I had become linked to the cutbacks.

Corporate differences in the Political Arena

Union Underwear

Management at Union Underwear wears a dress shirt and tie, and in the plant operations they readily stand out. At the corporate headquarters, the two story building which houses corporate management and staff, power resides on the second floor with action positions on the first floor. Power people conduct business behind real walls while others have transportable room dividers. The primary basis for power resides in tenure. Their reasoning suggests that when people have tenure they understand how to direct business. Everyone, even on the sewing room floor, hangs a plaque at their work place designating how many years the company has employed them.

Another symbol of power exists in the Union Underwear jet. Only business trips rate the use of the jet, and rigidity prevails about who uses it and for what. No extravagant abuses occur even when an employee plans a vacation somehwere that the jet regularly travels. The personnel manager related a story about the jet when it, in combination with several other personal Farley jets, transported Farley, his CPA's, bankers and Union Underwear corporate executives, while making their initial visits to the factory sites. They landed at one small airport, got out wearing their "captains of industry" dark suits and immediately found themselves surrounded by armed police and police cars. The local citizenry thought they might be drug dealers and expected them to prove otherwise. After the event occurred the Farley

executives regaled the story, noting how it must have appeared.

In order for power people to keep communication channels open with the relatively non-power people, the exchange of jokes and funny sayings and phrases reduced the interpersonal distance. Some harmless, innocent flirtation occurs between people who would in no way be attracted to one another. The CEO, a well liked quiet man, projects an aura around him of God like magnitude to the relatively non-power players. When employees celebrate their tenure, the company newspaper photographs them with the CEO and later publishes the picture. This event generates prideful stories similar to those told after a person meets a movie star.

ABC Television

If you asked someone at ABC what they liked most about their job, most of them would reply as one employee did, "It's fun working with the stars. It's exciting when the stars come on the floor. You can tell they are somebody even if you don't know who they are." In the news department, several employees indicated they liked being where news happened first, that excitement filled the place when the hostage story broke, or when someone shot the President of the United States. Having information first gives a person a sense of power. Being around a "star" makes one believe something "is happening." Production people reported liking their jobs because their work varied with different projects and different people.

At ABC the most powerful on each floor occupies the corner

office with a plant tree and window, where less powerful players only receive a plant. Executive offices occupy higher floors nearer the 40th floor executive dining room. Executives use engraved stationary, a secretary sits in an adjoining office and screen all who enter or call, and travel first class on trips of over four hours. The boss on each floor receives official information from the hierarchy first and summons employees to his/her office thereby disseminating the information among the ranks. The primary basis for power resides in position, expertise and access to higher power. During the change process some employees jokingly said they did not know for sure who they would report to the next day because the power structure had shifted so dramatically.

At ABC a second floor cafeteria, subsidized by ABC serves all personnel. On the 40th floor an executive dining room houses a finer dining establishment to which one must be invited. The contrast between the cafeteria and the dining room compares to the difference between a fine french restaurant and Shoney's. These symbols of power shift as the new management philosophy shifts.

Differences in Corporate Symbols

Union Underwear

Union Underwear also has an eating area provided for employees. Vending machines provide the food with a rule that no food allowed outside of the eating area. The food court locale sits next to a stream which runs through the middle of the

building. Guests enter the quiet, peaceful corporate office through a different door than do the employees. As you enter the building the fig tree lined stream fills the background area behind the receptionist who greets incomers with a friendly request to sign the guest register and wait. In the waiting room stands a display of the process of how cotton grows and how Union turns it into underwear. When your appointment time nears, a secretary comes out to greet you and escort you to your destination in a polite, atmosphere of protocol.

The Safety-Pen published by the Union Underwear Safety Committee at the Campbellsville, Kentucky plant symbolizes and communicates the corporate philosophy of safety. A safety picnic, a safety contest, a comic character named super safety sleuth, and a safe-t-shirt contest all symbolize the importance the company places on safety. Employees receive awards for safety suggestions, and each day the number of accident free hours are counted up. In the December, 1985 edition of the Safety Pen 1 million hours had been logged.

The jet, the ultra modern two story corporate office building, a street named Fruit of the Loom Drive, the reputation of stability, the Safety-Pen, all represent symbols of Union Underwear. But, the "Fruit of the Loom Guys" symbolize the essence of what brought Union Underwear to national focus. The "Fruit of the Loom Guys" appear as men dressed up as pieces of fruit on network television commercials and print ads. These light hearted characters symbolize a happy corporation of

employees who like to claim these symbols. In this atmosphere of frivolity employees say with great fun that they "make seat covers" or "are into men's underwear" when asked what they do for a living. The jocularity associated with the "Fruit of the Loom Guys" helps employees symbolically to.do battle with inspector 12 of Hanes underwear, their major competitor, when they claim inspector 24, is "twice as good."

ABC Television

At ABC the symbols typically change with programming. "Stars," for example, become spokespersons for the network and only long lasting programs produce long lasting "star symbols." Over time, "stars" typically represententertainment programming, but with a new emphasis on news, "stars" often rise from programs such as ABC's evening news with Peter Jennings, Night Line with Ted Koppel, 20/20 with Hugh Downs and Barbara Walters and Prime Time with Sam Donaldson and Diane Sawyer. These news focused programs generate a more serious symbolic representation of the network than do "star" types from the entertainment division of ABC. Among the programming changes directly affecting the symbolic arena include:

> A reduction in the number of lavish, expensive "big event" programs, such as mini-series, that have been an ABC hallmark in recent years and a renewed emphasis on regular series.
>
> A gradual weaning of the network away from Hollywood production companies as the nearly exclusive source of programs.
>
> More news derived programs, which, if successful, can be greatly more economical than entertainment programs.

An apparent emphasis on family oriented programming, exemplified by the new "Disney Sunday Movie" series now on the schedule (Boyer, 1986).

In addition to the programming changes, the imposition of strict business discipline, mandating tight budget controls and a widespread scaling down of the network's operations, ABC Cap/Cities firmly rejected the frills long associated with network television, such as frequent use of executive limosines and the ABC penthouse Plaza Hotel suite. Executives today ride commuter trains, subways and walk. John Sias of ABC said, "We can't go through all this and then have people see us running out and jumping into a limousine...because that's a symbol. The executive has to set the tone."

In 1986 ABC openly admitted to coming in third in the prime time ratings, rather than pretending otherwise. Revenues fell 11 percent and profits fell 19 percent immediately prior to the friendly takeover (Barnes, 1986), but gradually became profitable gaining a net income in 1988 exceeding 385 million dollars. Up more than 100 million over 1987 with net income per share rising by nearly 6 dollars. (CapCities, 1988). Aaron Spelling, a producer with a long term exclusive contract with ABC, said the new austerity approach would prove refreshing. "Who knows," he said, "maybe it will improve television. Maybe we'll have fewer car chases and squealing tires (Boyer, 1986)."

Discussion

The ownership changes at both of these corporations affected the corporate culture differently. Farley already agreed with

the "way things were getting done" at Union Underwear. Changes implemented by Farley appeared to increase rather than decrease stability, security and productivity, even during a time of intense foreign competition. Corporate growth slowed slightly during the first year of the Farley takeover, but has subsequently become one of the fastest growing textile corporations in the world. The structure, human relations, the political arena and the corporate symbols did not change during the corporate takeover by Farley. The product also did not change so, for the consumer, the corporate takeover went unnoticed.

ABC television exists in a turbulent environment. ABC experienced considerable slippage in profits over the time period immediately prior to the CapCities takeover. The new owners imposed a completely different business philosophy about "how things would be done." Therefore, change drastically affected the structure, the human relations, the political and the symbolic arenas of ABC television. Remaining employees became resilient and flexible or they did not survive the change process. The product changed and the consumer directly felt the corporate takeover through programming.

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